

**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE**

POLICY NUMBER: PP-2020-01
SUBJECT: BOARD OF TRUSTEE POLICY AND PROCEDURE
EFFECTIVE DATE: AUGUST 14, 2020
AMENDED: N/A

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A. INTRODUCTION

1. The Board of Trustees (Board) of the Police Officers' Pension Investment Fund (Pension Fund) was established under Article 22B of the Illinois Pension Code (Code).
2. To ensure that accountability and authority for governance and management of the Fund are clearly stated, the Board has established bylaws, policies that define the governance of the Fund and job descriptions that describe the roles and responsibilities of the key decision makers within the Fund.
3. The Board of Trustees is viewed by the Code as primarily a policymaking and governance body.

4. The Transition Board of Trustees will act in accordance with the provisions of the Article of Pension Code governing the retirement system or pension fund. (40 ILCS 5/1-109).

B. DUTIES AND RESPONSIBILITIES

Appointment of External Service Providers:

5. The Board will either appoint or ratify the appointment of each of the following external service providers, in accordance with Fund policy:
 - a. Accounting services
 - b. Actuarial firms and services;
 - c. Administrative services
 - d. Audit firms and services;
 - e. Banking services,
 - f. Human resources,
 - g. Information technology;
 - h. Insurance provider(s);
 - i. Investment consultant(s);
 - j. Investment custodian;
 - k. Investment managers;
 - l. Legal services
 - m. Other service providers, as may be determined by the Board.

Communications:

6. The Board will:
 - a. Approve a Communications Policy designed to ensure effective communications with stakeholders and all significant interest groups on matters relating to the administration of IPOPIF;

Finance, Actuarial and Accounting:

7. The Board will:
 - a. Ensure that appropriate financial and accounting policies and reporting systems are established;
 - b. Ensure that appropriate internal financial controls to safeguard the assets of IPOPIF are established;

- c. Approve the monthly financial statements;
- d. Ensure that a financial audit is conducted at least annually and oversee all internal and external audits;
- e. Approve actuarial policies;
- f. Approve the comprehensive annual financial report on the operations of IPOPIF.

Governance:

- 8. The Board will:
 - a. Approve the Mission, Vision and Values Statements of the Fund;
 - b. Make regulations of bylaws consistent with the law;
 - c. Approve and amend, as necessary, a Strategic Plan;
 - d. Approve and amend, as necessary, policies to ensure appropriate governance practices that support the mission and goals of the Fund;
 - e. Be responsible for the governance and oversight of the Fund;
 - f. Defray reasonable expenses of administering the pension fund;
 - g. Approve policies and/or job descriptions describing the roles and responsibilities of the Board, each committee of the Board, the Executive Director and the Chief Investment Officer, and amend said policies as appropriate;
 - h. Provide for the election of trustees to the Permanent Board, as provided for in the Code;
 - i. Conduct an annual performance evaluation for the Executive Director and Chief Investment Officer.
- 9. The Transition Board of Trustees of the Police Officers' Pension Investment Fund (IPOPIF) shall be fiduciaries for the participants and beneficiaries of the participating pension funds and shall discharge their duties with respect to the pension fund solely in the interest of the participants and beneficiaries. Further, the Transition Board of Trustees, acting prudently and as fiduciaries, shall take all reasonable steps to ensure that all of the transferor pension funds are treated equitably and that the financial condition of one participating pension fund, including, but not limited to, pension benefit funding levels and ratios, will have no effect on the financial condition of any other transferor pension fund.

10. Each Board Member will:

- a. Be familiar and comply with IPOPIF governing laws, bylaws, policies and procedures.
- b. Endeavour to attend all regular meetings of the Board and committees on which the Board member serves.
- c. Be prepared in advance for informed discussion at each meeting. Preparation for regular Board and Committee meetings can require between one and eight hours.
- d. Be an informed and active member of the Board, fully participating in the decisions and actions of the Board by making independent assessments and reasonable judgement.
- e. Acquire and maintain the knowledge necessary to perform the duties of a Trustee.
- f. Treat members of IPOPIF staff, external service providers and each other with civility, courtesy, respect and dignity.

Investments:

11. The Board will approve a written statement of Investment Policy and will review or confirm or amend the Investment Policy at least every two years.
12. The Board will approve investment objectives and strategies for achieving the investment objectives;

Legal:

13. The Board will approve actions concerning the assigning, directing, and handling of litigation, claims, demands, disputes or legal proceedings involving IPOPIF.

Monitoring and Reporting:

14. The Board will ensure that appropriate monitoring and reporting practices are established within the Fund.
15. The Board will regularly:
 - a. Monitor compliance with Board policies;
 - b. Review the progress toward implementation of the Strategic Plan;
 - c. Review the implementation of IPOPIF's internal financial and operating controls;
 - d. Review the investment performance of the Fund and the performance of the investment managers of the Fund;

- e. Review, on a regular basis, the performance of key service providers including at a minimum the actuary, financial auditor, investment consultant, legal counsel, and custodian;
- f. Monitor compliance with the Annual Budget;
- g. Monitor the cost effectiveness of the administrative and investment programs.
- h. Review Board policies at a frequency to be set out in each policy.
- i. Provide for appropriate monitoring of compliance with applicable laws and regulations.

Operations:

16. The Board of Trustees will:

- a. Approve the Annual Budget, including any budget amendments thereto, pursuant to the Budget Approval Policy;
- b. Ensure for the appropriate collection, deposit and distribution of funds as required;
- c. Approve the location of the Fund's office and the associated leases or purchase agreements;
- d. Execute contractual agreements in accordance with Board policy and authorize payments related to the administration of IPOPIF, consistent with Board policy, the Operating Budget and internal controls;
- e. Ensure that appropriate internal operational control policies are in place to provide secure, efficient, and accurate delivery of services to stakeholders;
- f. Ensure that instructions or assignment of tasks flow through the Executive Director, Chief Investment Officer or General Counsel and not directly to individual IPOPIF staff or external service providers.

C. POLICY REVIEW

17. The Policy is subject to change in the exercise of the Board's judgement.

18. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations

19. In the event of legislative changes to the pertinent sections addressed in this Policy, the Board will review the Policy as appropriate.

20. This Policy was adopted by the Board on August 14, 2020.